

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

CORE SCIENTIFIC, INC., *et al.*,

Debtors.¹

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Chapter 11

Case No. 22-90341(DRJ)

(Jointly Administered)

**RESERVATION OF RIGHTS TO THE EMERGENCY
MOTION OF DEBTORS FOR ENTRY OF INTERIM
AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO (A) OBTAIN
REPLACEMENT SENIOR SECURED NON-PRIMING SUPERPRIORITY
POSTPETITION FINANCING, (B) USE CASH COLLATERAL, AND (C) PAY OFF
EXISTING POSTPETITION FINANCING FACILITY (II) GRANTING LIENS
AND PROVIDING CLAIMS WITH SUPERPRIORITY ADMINISTRATIVE
EXPENSE STATUS, (III) GRANTING ADEQUATE PROTECTION TO THE
PREPETITION SECURED PARTIES, (IV) MODIFYING THE AUTOMATIC STAY,
(V) SCHEDULING A FINAL HEARING, AND (VI) GRANTING RELATED RELIEF
(Rel. ECF No. 389)**

NYDIG ABL LLC (f/k/a Arctos Credit, LLC), a Delaware limited liability company (“NYDIG”), in its capacity as lender under that certain Master Equipment Finance Agreement dated as of October 27, 2020, by and between Core Scientific Operating Company (f/k/a Core Scientific, Inc.), a Delaware corporation (“Borrower”) and NYDIG (as amended, restated, supplemented or otherwise modified from time to time, the “MEFA” and, collectively with the schedules entered into by and between NYDIG and Borrower pursuant to the MEFA, all Acceptance Certificates (as defined in the MEFA), Other Agreements (as defined in the MEFA), and any other document entered into in connection therewith, the “Loan Documents”), by and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Core Scientific Mining LLC (6971); Core Scientific, Inc. (3837); Core Scientific Acquired Mining LLC (N/A); Core Scientific Operating Company (5526); Radar Relay, Inc. (0496); Core Scientific Specialty Mining (Oklahoma) LLC (4327); American Property Acquisitions, LLC (0825); Starboard Capital LLC (6677); RADAR LLC (5106); American Property Acquisition I, LLC (9717); and American Property Acquisitions, VII, LLC (3198). The Debtors’ corporate headquarters and service address is 210 Barton Springs Road, Suite 300, Austin, Texas 78704.

through its undersigned counsel, Sidley Austin LLP, hereby submits this reservation of rights (the “Reservation of Rights”) to the *Emergency Motion of Debtors For Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Replacement Senior Secured Non-Priming Superpriority Postpetition Financing, (B) Use Cash Collateral, and (C) Pay Off Existing Postpetition Financing Facility (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [ECF No. 389] (the “Replacement DIP Motion”).² In support of this Reservation of Rights, NYDIG respectfully states as follows:

1. On December 22, 2022, NYDIG filed a limited objection and reservation of rights in response to the *Emergency Motion of Debtors For Entry of Interim and Final Orders (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Authorizing the Debtors to Use Cash Collateral, (C) Granting Liens and Providing Claims With Superpriority Administrative Expense Status, (D) Granting Adequate Protection to the Prepetition Secured Parties, (E) Modifying the Automatic Stay, (F) Scheduling a Final Hearing, and (G) Granting Related Relief* [ECF No. 104] (the “Original Objection”) pursuant to which NYDIG asserted, *inter alia*, that the proposed adequate protection did not constitute sufficient adequate protection for the potential diminution in value of the NYDIG Collateral during these cases. *See id.* at ¶ 6. NYDIG further stated that it intended to continue engaging with the Debtors in an effort to consensually resolve NYDIG’s issues, and reserved its rights to seek relief from this Court in the event the parties were unable to reach such a consensual resolution.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Replacement DIP Motion.

2. Subsequent to the entry of the Original Interim DIP Order, NYDIG and the Debtors engaged in extensive negotiations and have reached an agreement in principle for the resolution of NYDIG's objections. The agreement generally provides that the Debtors will transfer to NYDIG all of ASICs that comprise NYDIG's collateral in exchange for the full extinguishment of the NYDIG debt and other related releases. NYDIG anticipates that the Debtors will file a motion in the very near term seeking approval of such agreement.

3. In the event the agreement between NYDIG and the Debtors is finalized and approved as expected, NYDIG will not object to approval of the Replacement DIP Financing on a final basis. However, as a precautionary measure, NYDIG hereby reserves all rights to object to final approval of the Replacement DIP Financing pending such finalization and approval of the NYDIG/Debtors agreement.

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Dated: February 1, 2023

Respectfully Submitted,

/s/ Dennis M. Twomey

SIDLEY AUSTIN LLP

Dennis M. Twomey (admitted *pro hac vice*)

Jackson T. Garvey (admitted *pro hac vice*)

One South Dearborn Street

Chicago, Illinois 60603

Telephone: (312) 853-7000

Facsimile: (312) 853-7036

Email: dtwomey@sidley.com

Email: jgarvey@sidley.com

-and-

Maegan Quejada (24105999)

1000 Louisiana Street, Suite 5900

Houston, Texas 77002

Telephone: (713) 495-4500

Facsimile: (713) 495-7799

Email: mquejada@sidley.com

Counsel to NYDIG ABL LLC

CERTIFICATE OF SERVICE

I hereby certify that on February 1, 2023, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system, which will serve notice on all parties registered to receive notice in these cases.

/s/ Maegan Quejada
Maegan Quejada